



U.S. Department of Justice

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**NEWS RELEASE**

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**Tulsa Lawyer and Former CEO/Stock Broker Sentenced  
to Prison in \$43 Million Pump and Dump Stock Manipulation Scheme**

A securities attorney and a former CEO/Stock Broker were sentenced today to over 15 years and 12 years in prison, respectively, for their roles in an extensive pump-and-dump stock manipulation scheme, announced Assistant Attorney General Lanny A. Breuer of the Department of Justice Criminal Division and U.S. Attorney Thomas Scott Woodward of the Northern District of Oklahoma.

G. David Gordon, a Tulsa securities attorney, and Richard Clark, a former Tulsa CEO and Stock Broker were convicted by a federal jury on May 3, 2010. Gordon was ordered to forfeit more than \$43 million, his \$4.5 million residence and financial accounts. Gordon was found guilty on one count of conspiracy to commit wire fraud, securities fraud and money laundering, nine counts of wire fraud, five counts of securities fraud, five counts of money laundering and one count of making a false statement to the U.S. Securities and Exchange Commission (SEC) in connection with the pump-and-dump scheme. Richard Clark, former CEO and Stock Broker of Tulsa, was ordered to forfeit more than \$43 million and proceeds from the sale of his residence. Clark was found guilty of one count of conspiracy, seven counts of wire fraud, five counts of securities fraud and one count of money laundering. Gordon, 48, and Clark, 62, were originally charged in a 24-count indictment unsealed on February 10, 2009.

“The scheme that sent these two individuals to prison was basic in its goal – to create profits at the expense of unknowing victim investors,” said Assistant Attorney General Lanny A. Breuer of the Criminal Division. “Not only did the defendants defraud investors, but they also exploited the tragedy of Hurricane Katrina. We will not allow our stock markets to be hijacked by people intent on artificially manipulating them.”

U.S. Attorney Woodward stated today after the two men were sentenced, “Mr. Gordon used his expertise as a securities lawyer and Mr. Clark used his experience as a former stock broker to exploit unsuspecting investors of millions of dollars. The

investing public must depend upon the integrity of our financial markets. Today's sentence sends a strong message that securities professionals who illegally manipulate our financial markets will be caught and prosecuted to the full extent of the law."

According to evidence presented at trial, between April 2004 and December 2006, Gordon, Clark and other conspirators devised and engaged in a scheme to defraud investors in what is known as a "pump and dump," in which they manipulated three publicly traded penny stocks. The evidence at trial established that the conspirators obtained approximately \$43 million in proceeds from the manipulation of the three stocks. A penny stock is a common stock that trades for less than \$5 per share in the over the counter market, rather than on national exchanges. Two companies based in Tulsa at the time of the scheme were among those whose stock was manipulated: Deep Rock Oil & Gas Inc., and Global Beverage Solutions Inc., formerly known as Pacific Peak Investments. A third company, National Storm Management Group Inc., is based in Glen Ellyn, Ill. According to evidence presented at trial, Gordon and Clark executed the scheme by obtaining a majority of the free-trading shares of stock of the company they intended to manipulate, using fraudulent and deceptive means to acquire the stock and/or remove the trading restrictions on the shares they obtained.

Evidence at trial showed that the defendants hid and "parked" their shares with various nominees, such as friends, relatives or other entities that they owned and controlled. Subsequently, they engaged in coordinated trading in order to create the appearance of an emerging market for these stocks, after which they conducted massive promotional campaigns in which unsolicited fax and e-mail "blasts" were sent to millions of recipients. According to evidence at trial, these blasts touted the respective stocks without accurately disclosing who was paying for the promotions, omitted that the defendants intended to sell their shares, and induced unsuspecting legitimate investors to purchase stock in the companies. E-mail and fax blasts promoting two companies, National Storm and Deep Rock Oil & Gas, touted investment opportunities purportedly created by Hurricane Katrina. Evidence at trial showed that the defendants and their nominees obtained significant profits by selling large amounts of shares after they had artificially inflated the stock price. For each of the three manipulated stocks, the defendants' sell-off caused declines of the stock price and left legitimate investors holding stock of significantly reduced value.

Gordon was also convicted of one count of wire fraud and one count of obstruction of justice in connection with a fourth penny stock of International Power Group Ltd., based in New Jersey.

The February 2009 indictment also charged Dean Sheptycki, 43, at the time a resident of Florida and the Bahamas; and Dallas-area resident Joshua Wayne Lankford,

36, for their participation in the scheme. Sheptycki and Lankford remain fugitives. Four other individuals have pleaded guilty, including a New York lawyer and a Kentucky lawyer.

U.S. District Judge James H. Payne of the Northern District of Oklahoma presided over the case. Trial Attorney Andrew Warren of the Department of Justice Fraud Section, Assistant U.S. Attorney Catherine Depew for the Northern District of Oklahoma, and Special Assistant U.S. Attorney Kevin Muhlendorf prosecuted the case for the government. The investigation was undertaken by the IRS-Criminal Investigation Division, the FBI and the U.S. Postal Inspection Service.

Today's sentences are part of efforts underway by President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

For more information on the task force, visit [www.StopFraud.gov](http://www.StopFraud.gov).